

# HOUSE BILL No. 1101

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1.

**Synopsis:** Minimum valuation of personal property. Provides that the minimum valuation rules for the assessment of tangible personal property do not apply to tangible personal property that a taxpayer acquires after June 30, 2018.

**Effective:** July 1, 2018.

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January 4, 2018, read first time and referred to Committee on Ways and Means.

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Second Regular Session of the 120th General Assembly (2018)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2017 Regular Session of the General Assembly.

## HOUSE BILL No. 1101

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-1.1-3-22, AS AMENDED BY P.L.245-2015,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2018]: Sec. 22. (a) Except to the extent that it conflicts with  
4 a statute and subject to subsection (f), 50 IAC 4.2 (as in effect January  
5 1, 2001), which was formerly incorporated by reference into this  
6 section, is reinstated as a rule.

7 (b) **Except as provided in subsection (h)**, tangible personal  
8 property within the scope of 50 IAC 4.2 (as in effect January 1, 2001)  
9 shall be assessed on the assessment dates in calendar years 2003 and  
10 thereafter in conformity with 50 IAC 4.2 (as in effect January 1, 2001).

11 (c) The publisher of the Indiana Administrative Code shall publish  
12 50 IAC 4.2 (as in effect January 1, 2001) in the Indiana Administrative  
13 Code.

14 (d) 50 IAC 4.3 and any other rule to the extent that it conflicts with  
15 this section is void.

16 (e) A reference in 50 IAC 4.2 to a governmental entity that has been  
17 terminated or a statute that has been repealed or amended shall be



1 treated as a reference to its successor.

2 (f) The department of local government finance may not amend or  
3 repeal the following (all as in effect January 1, 2001):

4 (1) 50 IAC 4.2-4-3(f).

5 (2) 50 IAC 4.2-4-7.

6 (3) 50 IAC 4.2-4-9, **except as required under subsection (h).**

7 (4) 50 IAC 4.2-5-7.

8 (5) 50 IAC 4.2-5-13.

9 (6) 50 IAC 4.2-6-1.

10 (7) 50 IAC 4.2-6-2.

11 (8) 50 IAC 4.2-8-9, **except as required under subsection (h).**

12 (g) Notwithstanding any other provision of this section, 50  
13 IAC 4.2-4-6(c) is void effective July 1, 2015. The publisher of the  
14 Indiana Administrative Code and the Indiana Register shall remove this  
15 provision from the Indiana Administrative Code.

16 **(h) In the case of tangible personal property that a taxpayer  
17 acquires after June 30, 2018:**

18 **(1) a minimum valuation may not be applied to the total  
19 valuation of the tangible personal property under 50  
20 IAC 4.2-4-9 or any similar rule;**

21 **(2) the tangible personal property may not be considered in  
22 the calculation of any minimum valuation for other tangible  
23 personal property of the taxpayer; and**

24 **(3) the following provisions of the Indiana Administrative  
25 Code do not apply to the tangible personal property:**

26 **(A) 50 IAC 4.2-4-9.**

27 **(B) 50 IAC 4.2-8-9(c).**

28 **Notwithstanding any other provision of this section, the  
29 department of local government finance shall adopt rules  
30 amending 50 IAC 4.2 as necessary to conform to the requirements  
31 of subdivisions (1) through (3).**

32 SECTION 2. IC 6-1.1-8-44 IS AMENDED TO READ AS  
33 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 44. (a) Except to the  
34 extent that it conflicts with a statute and subject to subsection (f), 50  
35 IAC 5.1 (as in effect January 1, 2001), which was formerly  
36 incorporated by reference into this section, is reinstated as a rule.

37 (b) **Except as provided in subsection (g),** tangible personal  
38 property within the scope of 50 IAC 5.1 (as in effect January 1, 2001)  
39 shall be assessed on the assessment dates in calendar years 2003 and  
40 thereafter in conformity with 50 IAC 5.1 (as in effect January 1, 2001).

41 (c) The publisher of the Indiana Administrative Code shall publish  
42 50 IAC 5.1 (as in effect January 1, 2001) in the Indiana Administrative



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- Code.
- (d) 50 IAC 5.2 and any other rule to the extent that it conflicts with this section is void.
- (e) A reference in 50 IAC 5.1 to a governmental entity that has been terminated or a statute that has been repealed or amended shall be treated as a reference to its successor.
- (f) The department of local government finance may not amend or repeal the following (all as in effect January 1, 2001):
- (1) 50 IAC 5.1-6-6.
  - (2) 50 IAC 5.1-6-7.
  - (3) 50 IAC 5.1-6-8.
  - ~~(4) 50 IAC 5.1-6-9.~~
  - ~~(5) (4) 50 IAC 5.1-8-1.~~
  - ~~(6) (5) 50 IAC 5.1-9-1.~~
  - ~~(7) (6) 50 IAC 5.1-9-2.~~
- (g) In the case of tangible personal property that a taxpayer acquires after June 30, 2018:**
- (1) a minimum valuation may not be applied to the total valuation of the tangible personal property under 50 IAC 5.1-6-9 or any similar rule;**
  - (2) the tangible personal property may not be considered in the calculation of any minimum valuation for other tangible personal property of the taxpayer; and**
  - (3) 50 IAC 5.1-6-9 does not apply to the tangible personal property.**
- Notwithstanding any other provision of this section, the department of local government finance shall adopt rules amending 50 IAC 5.1 as necessary to conform to subdivisions (1) through (3).**
- SECTION 3. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.80-2014, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 4.5. (a) An applicant must provide a statement of benefits to the designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment for which the person desires to claim a deduction under this chapter. The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:
- (1) A description of the new manufacturing equipment, new



1 research and development equipment, new logistical distribution  
 2 equipment, or new information technology equipment that the  
 3 person proposes to acquire.

4 (2) With respect to:

5 (A) new manufacturing equipment not used to dispose of solid  
 6 waste or hazardous waste by converting the solid waste or  
 7 hazardous waste into energy or other useful products; and

8 (B) new research and development equipment, new logistical  
 9 distribution equipment, or new information technology  
 10 equipment;

11 an estimate of the number of individuals who will be employed or  
 12 whose employment will be retained by the person as a result of  
 13 the installation of the new manufacturing equipment, new  
 14 research and development equipment, new logistical distribution  
 15 equipment, or new information technology equipment and an  
 16 estimate of the annual salaries of these individuals.

17 (3) An estimate of the cost of the new manufacturing equipment,  
 18 new research and development equipment, new logistical  
 19 distribution equipment, or new information technology  
 20 equipment.

21 (4) With respect to new manufacturing equipment used to dispose  
 22 of solid waste or hazardous waste by converting the solid waste  
 23 or hazardous waste into energy or other useful products, an  
 24 estimate of the amount of solid waste or hazardous waste that will  
 25 be converted into energy or other useful products by the new  
 26 manufacturing equipment.

27 The statement of benefits may be incorporated in a designation  
 28 application. Notwithstanding any other law, a statement of benefits is  
 29 a public record that may be inspected and copied under IC 5-14-3-3.

30 (b) The designating body must review the statement of benefits  
 31 required under subsection (a). The designating body shall determine  
 32 whether an area should be designated an economic revitalization area  
 33 or whether the deduction shall be allowed, based on (and after it has  
 34 made) the following findings:

35 (1) Whether the estimate of the cost of the new manufacturing  
 36 equipment, new research and development equipment, new  
 37 logistical distribution equipment, or new information technology  
 38 equipment is reasonable for equipment of that type.

39 (2) With respect to:

40 (A) new manufacturing equipment not used to dispose of solid  
 41 waste or hazardous waste by converting the solid waste or  
 42 hazardous waste into energy or other useful products; and



- 1 (B) new research and development equipment, new logistical  
2 distribution equipment, or new information technology  
3 equipment;  
4 whether the estimate of the number of individuals who will be  
5 employed or whose employment will be retained can be  
6 reasonably expected to result from the installation of the new  
7 manufacturing equipment, new research and development  
8 equipment, new logistical distribution equipment, or new  
9 information technology equipment.
- 10 (3) Whether the estimate of the annual salaries of those  
11 individuals who will be employed or whose employment will be  
12 retained can be reasonably expected to result from the proposed  
13 installation of new manufacturing equipment, new research and  
14 development equipment, new logistical distribution equipment, or  
15 new information technology equipment.
- 16 (4) With respect to new manufacturing equipment used to dispose  
17 of solid waste or hazardous waste by converting the solid waste  
18 or hazardous waste into energy or other useful products, whether  
19 the estimate of the amount of solid waste or hazardous waste that  
20 will be converted into energy or other useful products can be  
21 reasonably expected to result from the installation of the new  
22 manufacturing equipment.
- 23 (5) Whether any other benefits about which information was  
24 requested are benefits that can be reasonably expected to result  
25 from the proposed installation of new manufacturing equipment,  
26 new research and development equipment, new logistical  
27 distribution equipment, or new information technology  
28 equipment.
- 29 (6) Whether the totality of benefits is sufficient to justify the  
30 deduction.
- 31 The designating body may not designate an area an economic  
32 revitalization area or approve the deduction unless it makes the  
33 findings required by this subsection in the affirmative.
- 34 (c) Except as provided in subsection (f), and subject to subsection  
35 (g) and section 15 of this chapter, an owner of new manufacturing  
36 equipment, new research and development equipment, new logistical  
37 distribution equipment, or new information technology equipment  
38 whose statement of benefits is approved is entitled to a deduction from  
39 the assessed value of that equipment for the number of years  
40 determined by the designating body under section 17 or 18 of this  
41 chapter. Except as provided in subsection (d) and in section 2(i)(3) of  
42 this chapter, and subject to subsection (g) and section 15 of this



1 chapter, the amount of the deduction that an owner is entitled to for a  
2 particular year equals the product of:

3 (1) the assessed value of the new manufacturing equipment, new  
4 research and development equipment, new logistical distribution  
5 equipment, or new information technology equipment in the year  
6 of deduction under the abatement schedule established under  
7 section 17 or 18 of this chapter; multiplied by

8 (2) the percentage prescribed by the designating body under  
9 section 17 or 18 of this chapter.

10 (d) With respect to new manufacturing equipment and new research  
11 and development equipment installed before March 2, 2001, the  
12 deduction under this section is the amount that causes the net assessed  
13 value of the property after the application of the deduction under this  
14 section to equal the net assessed value after the application of the  
15 deduction under this section that results from computing:

16 (1) the deduction under this section as in effect on March 1, 2001;  
17 and

18 (2) the assessed value of the property under 50 IAC 4.2, as in  
19 effect on March 1, 2001, or, in the case of property subject to  
20 IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.

21 (e) The designating body shall determine the number of years the  
22 deduction is allowed under section 17 or 18 of this chapter. Except as  
23 provided by section 18 of this chapter, the deduction may not be  
24 allowed for more than ten (10) years. This determination shall be made:

25 (1) as part of the resolution adopted under section 2.5 of this  
26 chapter; or

27 (2) by resolution adopted within sixty (60) days after receiving a  
28 copy of a property owner's certified deduction application from  
29 the county auditor. A certified copy of the resolution shall be sent  
30 to the county auditor.

31 A determination about the number of years the deduction is allowed  
32 that is made under subdivision (1) is final and may not be changed by  
33 following the procedure under subdivision (2).

34 (f) The owner of new manufacturing equipment that is directly used  
35 to dispose of hazardous waste is not entitled to the deduction provided  
36 by this section for a particular assessment year if during that  
37 assessment year the owner:

38 (1) is convicted of a criminal violation under IC 13, including  
39 IC 13-7-13-3 (repealed) or IC 13-7-13-4 (repealed); or

40 (2) is subject to an order or a consent decree with respect to  
41 property located in Indiana based on a violation of a federal or  
42 state rule, regulation, or statute governing the treatment, storage,



1 or disposal of hazardous wastes that had a major or moderate  
2 potential for harm.

3 (g) For purposes of subsection (c), the assessed value of new  
4 manufacturing equipment, new research and development equipment,  
5 new logistical distribution equipment, or new information technology  
6 equipment that is part of an owner's assessable depreciable personal  
7 property in a single taxing district subject to the valuation limitation in  
8 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

9 (1) the assessed value of the equipment determined without  
10 regard to the valuation limitation in 50 IAC 4.2-4-9 or 50  
11 IAC 5.1-6-9; multiplied by

12 (2) the quotient of:

13 (A) the amount of the valuation limitation determined under  
14 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's  
15 depreciable personal property in the taxing district; divided by

16 (B) the total true tax value of all of the owner's depreciable  
17 personal property in the taxing district that is subject to the  
18 valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9  
19 determined:

20 (i) under the depreciation schedules in the rules of the  
21 department of local government finance before any  
22 adjustment for abnormal obsolescence; and

23 (ii) without regard to the valuation limitation in 50  
24 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

25 **Tangible personal property that a taxpayer acquires after June 30,**  
26 **2018, may not be considered for purposes of calculating the**  
27 **adjustment under this subsection.**

28 SECTION 4. IC 6-1.1-40-10, AS AMENDED BY P.L.146-2008,  
29 SECTION 300, IS AMENDED TO READ AS FOLLOWS  
30 [EFFECTIVE JULY 1, 2018]: Sec. 10. (a) Subject to subsection (d), an  
31 owner of new manufacturing equipment whose statement of benefits is  
32 approved is entitled to a deduction from the assessed value of that  
33 equipment for a period of ten (10) years. Except as provided in  
34 subsections (b) and (c), and subject to subsection (d) and section 14 of  
35 this chapter, for the first five (5) years, the amount of the deduction for  
36 new manufacturing equipment that an owner is entitled to for a  
37 particular year equals the assessed value of the new manufacturing  
38 equipment. Subject to subsection (d) and section 14 of this chapter, for  
39 the sixth through the tenth year, the amount of the deduction equals the  
40 product of:

41 (1) the assessed value of the new manufacturing equipment;  
42 multiplied by





1 (2) the percentage prescribed in the following table:

2 YEAR OF DEDUCTION	PERCENTAGE
3 6th	100%
4 7th	95%
5 8th	80%
6 9th	65%
7 10th	50%
8 11th and thereafter	0%

9 (b) A deduction under this section is not allowed in the first year the  
 10 deduction is claimed for new manufacturing equipment to the extent  
 11 that it would cause the assessed value of all of the personal property of  
 12 the owner in the taxing district in which the equipment is located to be  
 13 less than the assessed value of all of the personal property of the owner  
 14 in that taxing district in the immediately preceding year.

15 (c) If a deduction is not fully allowed under subsection (b) in the  
 16 first year the deduction is claimed, then the percentages specified in  
 17 subsection (a) apply in the subsequent years to the amount of deduction  
 18 that was allowed in the first year.

19 (d) For purposes of subsection (a), the assessed value of new  
 20 manufacturing equipment that is part of an owner's assessable  
 21 depreciable personal property in a single taxing district subject to the  
 22 valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product  
 23 of:

24 (1) the assessed value of the equipment determined without  
 25 regard to the valuation limitation in 50 IAC 4.2-4-9 or 50  
 26 IAC 5.1-6-9; multiplied by

27 (2) the quotient of:

28 (A) the amount of the valuation limitation determined under 50  
 29 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable  
 30 personal property in the taxing district; divided by

31 (B) the total true tax value of all of the owner's depreciable  
 32 personal property in the taxing district that is subject to the  
 33 valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9  
 34 determined:

35 (i) under the depreciation schedules in the rules of the  
 36 department of local government finance before any  
 37 adjustment for abnormal obsolescence; and

38 (ii) without regard to the valuation limitation in 50  
 39 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

40 **Tangible personal property that a taxpayer acquires after June 30,**  
 41 **2018, may not be considered for purposes of calculating the**  
 42 **adjustment under this subsection.**

